

MINUTES  
STATE BOND COMMITTEE  
July 22, 2010

A meeting of the State Bond Committee was held at 10:00 a.m. on July 22, 2010 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present were:

Don Habeger, Director of Division of Corporations, Business and  
Professional Licensing, Department of Commerce, Community &  
Economic Development  
Kevin Brooks, Deputy Commissioner, Department of Administration  
Jerry Burnett, Deputy Commissioner, Department of Revenue

Present telephonically were:

Cynthia M. Weed, K & L Gates  
Kerry Salas, K & L Gates  
Deanna Gregory, K & L Gates  
Debbie Schnebel, ScottballiceStrategies  
Ken Vassar, Birch, Horton, Bittner & Cherot  
Keith Day, Controller, Alaska International Airports System

Also present in Juneau was:

Deven Mitchell, Debt Manager, Department of Revenue

I. Call to Order

Mr. Burnett called the meeting to order at 11:00 a.m. AST.

II. Roll Call

Mr. Mitchell took roll call. Mr. Brooks, Mr. Burnett and Mr. Habeger were present.

III. Public Meeting Notice

A copy of the Advertising Order and Affidavit of Publication concerning the date, location, and purpose of the meeting were reviewed and made a part of the

minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice.

IV. Approval of Agenda

The agenda was adopted without objection.

V. Minutes of June 3, 2010 State Bond Committee Meeting

The minutes of the June 3, 2010 meeting were approved and adopted as submitted without objection.

VI. Public Comment

Mr. Burnett asked for public participation and comment. There was none.

VII. New Business

***Resolution 2010-03***

The first item of business was Resolution 2010-03, a resolution of the State Bond Committee of the State of Alaska allocating the Private Activity Bond Volume Limit of the State of Alaska for Calendar Year 2010. Mr. Mitchell walked the Committee through this resolution. Mr. Brooks moved that State Bond Committee Resolution 2010-03 be approved. Mr. Habeger seconded the motion. Mr. Mitchell took the roll and the motion passed by three yes votes.

***Resolution 2010-04***

The second item of business was Resolution 2010-04, a resolution of the State Bond Committee of the State of Alaska allocating the Qualified Energy Bond Volume Limit of the State of Alaska for Calendar Year 2010. Mr. Mitchell explained that under provisions of the American Recovery and Reinvestment Act these bonds can now be structured as direct subsidy bonds. The issuer receives 70% of the U.S. Treasury tax credit rate for the year of maturity up to the interest rate on the bonds. The resolution allocates \$2,990,000 of the allocation to the Municipality of Anchorage and the remaining \$4,130,000 to the Alaska Housing Finance Corporation (AHFC). Anchorage is the recipient based on federal law and AHFC has indicated an ability to utilize the allocation for their energy audit revolving loan fund. Mr. Habeger moved that State Bond Committee Resolution 2010-04 be approved. Mr. Brooks seconded the motion. Mr. Mitchell took the roll and the motion passed by three yes votes.

***AIAS Discussion***

Mr. Mitchell explained that the Alaska International Airport System (AIAS) continues to work with the Department of Revenue towards an issuance of new

money bonds in conjunction with a refinancing for economic and business reasons. The bonds currently under consideration for refunding include the 1999A, 1999B and 1999C bonds. The refunding bonds would extend three years beyond the current final maturity to provide for a better match between the depreciation of long lived bond funded assets as well as to achieve some level of present value savings. The restructuring then relies on use of coverage revenues, that is those revenues that are collected to ensure that net revenues equal 1.25 debt service in a given fiscal year, being applied to redeeming bonds. This dovetails into a structure resulting in debt service of approximately \$40 million per year or approximately \$10 million less than current annual debt service. No Committee action was requested at this time.

#### Debt Manager's Report

Mr. Mitchell reported that there will be \$398 million in general obligation bonds considered on the November 2, 2010 ballot. The bonds would be used to fund education related capital projects around Alaska if approved.

Earlier this month Jerry Burnett, Pat Galvin and myself travelled to New York City to provide an update on the State of Alaska's credit rating with analysts from Fitch, Moody's and Standard & Poor's. The presentation is provided for the Committee's review and requested consideration of an upgrade to the highest credit rating of AAA.

#### Committee Member Comments

There were none.

#### Schedule Next Meeting

Mr. Mitchell indicated that the next meeting would need to be in late August to September.

#### Adjournment

The meeting was adjourned at 11:13 a.m.

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Susan Bell, Commissioner  
Department of Commerce and Economic Development  
Chairman

ATTEST:

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Bryan Butcher, Commissioner  
Department of Revenue  
Secretary